

REMARKS BY HENRY A. WAXMAN TO
THE AMERICAN PSYCHOLOGICAL ASSOCIATION
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It is a pleasure to be here, and an honor to receive your Outstanding Leadership Award. But I take no pleasure in the message that I have to bring you today. And I take little satisfaction in past accomplishments when I look at the likely success of efforts in this Congress to undermine and reverse the progress we have made.

I know there are a lot of different views in this room about the political revolution we had with the last election. Undoubtedly, on a personal level, many of you may be quite pleased with the outcome. But I am here to tell you that whatever you think personally, everybody in this room in their roles as health care professionals should be scared to death about what is afoot.

We face in Washington today a more serious threat to high quality and humane health care programs than any of us would have thought possible

only a few months ago. At every turn we see efforts which will undo decades of progress in bringing health care and mental health services to the American public.

As is so often the case, we see it first in the efforts to reduce funding and block grant programs that serve the poor and the vulnerable. But the impact of the actions underway will be broader than that.

No federal program of health care will be untouched. We are looking at cuts in Medicare as well as Medicaid of unprecedented levels. Those programs will surely be changed in very basic ways. And the private system of care will change as the effects of the reduced federal role ripples through the system.

We cannot make massive cuts in the level of support of our public programs without shifting many of those costs to the private sector and without seeing dramatic increases in the number of people without any health care coverage.

I want you to understand the seriousness of the situation. I want you to see that the days when we had the luxury of arguing over the relative reimbursement rates of one profession versus another, or the details of one benefit or another, may be gone for awhile. Those of us interested in good health care are going to have to go back to basics and pull together to make sure the Medicare and Medicaid programs are not savaged beyond recognition.

Let's talk about some of the specifics:

BALANCED BUDGET AMENDMENT

We've just been through a tremendous fight on the balanced budget amendment. While it failed by the smallest of margins in the Senate, what it represents for spending on health care programs is still every much with us.

Bills are already being introduced which will impose the requirement of a balanced budget and simply sequester spending in programs if that's what

it takes to get there. You remember sequestration? That's where you just stop spending some proportion of the funds in a program, whether it can be done fairly or not, whether it makes sense or not, in order to achieve the over-all budget goal.

Of course we could take more deliberate action to cut the programs instead. But let's think about what this would mean. You can't move to a balanced budget within seven years without massive cuts in health care programs--they simply represent too large a proportion of the budget. Senator Packwood publicly estimated a few days ago that we would be looking for \$400 billion in Medicare and Medicaid savings! Some say the figure is even higher. Previous efforts to cut these programs pale by comparison.

No amount of managed care is going to bring about that kind of savings without compromising the quality and accessibility of care, cutting benefits, taking away eligibility or all of the above. Capitating an inadequate payment doesn't make it any more sufficient. But it can mask the impact on patients

and providers of care.

The pressure on the budget will be even greater if the Republicans are successful in passing their tax cut. Somehow, I don't think cutting Medicare to give a tax cut to wealthy Americans is exactly what the electorate had in mind.

LACK OF INFORMATION

That brings me to another point: all this can only happen if the Members and the public don't understand the real world impact of what is being done. The so-called 100 days may turn out to be famous for a lot of things, but one of them for sure will be what major changes were rushed through without making any serious attempt to understand the impact of what was being done.

We have passed far reaching legislation where even the primary sponsors don't know what is in the bill. We passed a regulatory moratorium without knowing what regulations were being affected. We

passed an unfunded mandates bill without a glimmer of what it would mean for environmental laws or social programs that have been the joint responsibility of the Federal and State governments.

Bills of absolutely sweeping scope are being rushed through either without hearings or with the most perfunctory examination. Debate is cut off, amendments are voted down without consideration of the issue they are trying to address, bills are divided among Committees so nobody gets a clear picture of the overall impact of the legislation.

Further, the issues are presented in terms that mask the real impact on real people and programs. We don't talk about undermining our environmental laws, we talk about takings. We don't talk about crippling our ability to address social problems, we talk about stopping unfunded mandates. We don't talk about leaving millions of low-income people without any support system--we talk about block grants. We don't talk about massive cuts in Medicare and Medicaid, we talk about caps on growth and

somehow restructuring the programs. What we are really talking about here is a recipe for disaster.

These are not just changes in peripheral programs that won't have far-reaching effects on our health care system--we are talking about more than one-third of all health care spending.

CAPS AND CAPITATION

One idea that seems in vogue at the moment is to just cap health care spending. Make Medicare into a voucher and control the rate of growth. Block grant Federal Medicaid funds and increase them by 5% a year or some other arbitrary amount.

But you can't cap inflation and you can't (and don't want to) cap medical advancements. You can't cap the aging of the population. You can't stop the effects of the stress of modern day life. You can't stop recessions. And as these last fifteen years have shown to our disgrace, you can't stop the erosion of health care coverage in the private market. We continue to see millions of people added to the rolls

of the uncovered.

So what's the answer? Again, the no-pain solution of the moment is managed care. But talk to administrators of teaching hospitals, talk to health professionals, talk to patients with special medical problems--it's not so simple.

Of course there are some advantages in a well run managed care plan. We should build on that. But no amount of management can make up for inadequate funds. We can't just push large numbers of people into managed care plans that don't exist. And we shouldn't do it without thinking through very carefully the protections that are needed for patients and providers.

MEDICAID ENTITLEMENT

It's going to be bad for a lot of people. But it's going to be very bad if you're poor. If we block grant Medicaid, it is almost inevitable that we will lose the assurance of coverage for poor people. To use that nasty word--people will lose their entitlement to

coverage.

What does that mean really? There won't be any guarantee that there will be any way to pay for their care. And heaven help the so-called safety net institutions which will find a lot more people without coverage at their door, because the budget squeeze is surely going to increase for them.

What a tragedy to turn back the clock like this. To my mind, one of the things we can be proudest of is the fact that we finally made a commitment in the 1980's that no American child below the poverty line should be without health care coverage. We made them eligible for Medicaid. We gave the States plenty of time to realize this goal--we've been aging kids into coverage one year at a time ever since 1983. We now cover kids up to the age of 12. Do we really want to undo that?

MEDICAID AND WELFARE REFORM

We see some other short-sighted policies that seem to be in vogue. The welfare reform bill moving

through the House takes away SSI eligibility for alcoholics and drug addicts. And in doing that, it takes away Medicaid eligibility as well.

Maybe there are some circumstances where you can make a case for the cash policy. But whatever you think of that, why take away Medicaid eligibility at the same time. Surely health and mental health services, drug and alcohol treatment services, are exactly what this population needs. Pretending these people and their problems don't exist hardly seems the answer.

DISCRETIONARY SPENDING

So many other programs that have been developed to meet the special needs of people and our health care system will also feel the budget knife. Alcohol and drug abuse programs will surely be on the chopping block. Support for students entering the health professions and the institutions that train them will be lucky to survive at all. Because make no mistake, further reductions in spending on our domestic discretionary programs is on the agenda.

CONCLUSION

You don't have to be an old-fashioned liberal to be concerned about what's going on here. You just have to be someone who cares about health care, who knows how much people can benefit from counseling and mental health services, who knows that access to the services of a full range of high quality providers is something worth fighting for. I like to think I'm not alone in believing that.

So don't get caught up in the catchwords that mask the reality. Help to make my colleagues in Washington understand that there can be devastating consequences to cavalier actions. Make sure they know that for all their problems, there is much that is right with our Medicare and Medicaid programs. Because if health professionals like yourselves don't speak up for these programs and the people they serve, then truly the battle will be lost.

I look forward to your help. Thank you.